

**AMENDMENTS TO THE CLAIMS**

Please amend the claims as follows:

1 – 23 (Cancelled).

24. (Previously presented). A moving picture prediction system for predicting a moving picture to be implemented in at least one of an encoding and a decoding, the moving picture prediction system comprising:

a plurality of memories that store picture data as a reference for prediction, the plurality of memories being allocated in a reference picture memory area; and

a prediction picture generation section comprising:

a motion compensator that receives a parameter representing a motion of a picture segment to be predicted, and generates a predicted picture by using the picture data stored in the plurality of memories based upon the parameter, and

a memory update unit that updates the picture data stored in at least one of the plurality of memories in the reference picture memory area, and controls the capacity of the reference picture memory area.

25. (Previously presented) A moving picture prediction method of predicting a moving picture to be implemented in at least one of an encoder or decoder, the moving picture prediction method comprising:

receiving a parameter representing a motion of a picture segment to be predicted;

generating a predicted picture by using the picture data stored in a plurality of memories based upon the parameter, the plurality of memories being allocated in a reference picture memory area;

updating the picture data stored in at least one of the plurality of memories and;

controlling the capacity of the reference picture memory area.

26. (New) A decoding apparatus for decoding a moving picture with motion compensated prediction, the apparatus comprising:

a memory that stores picture data as a reference for prediction; and

a prediction picture generation section that includes

a motion compensator that receives a parameter representing a motion of a picture segment to be predicted, and generates a predicted picture from the stored picture data based on the parameter; and

a memory update unit that updates the picture data stored in the memory, and controls the capacity of the memory.